

## Lancashire County Council

### Audit, Risk and Governance Committee

**Minutes of the Meeting held on Monday, 27th January, 2020 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

#### Present:

County Councillor Alan Schofield (Chair)

#### County Councillors

J Berry	J Rear
S Malik	J Shedwick
T Martin	A Vincent
E Nash	

#### 1. Apologies

None.

#### 2. Disclosure of Pecuniary and Non-Pecuniary Interests

None.

#### 3. Minutes of the Meeting held on 28 October 2019

**Resolved:** That the minutes of the Audit, Risk and Governance Committee held on 28 October 2019 be confirmed and signed by the Chair.

#### 4. Code of Conduct - Summary of Complaints

Laura Sales, Director of Corporate Services and Monitoring Officer presented a report detailing a summary of all complaints received in 2019 against county councillors under the Code of Conduct. Terry Whitehead and Keith Leaver, Lancashire County Council appointed 'independent persons', who advise the Conduct Committee when required, were introduced to the committee.

The following points were highlighted from the report:

The emphasis of the process was to resolve complaints informally where possible. The Monitoring Officer had recently met with the appointed independent persons to discuss the best way of managing complaints received under the Code of Conduct moving forward, to ensure transparency. It was agreed that the Audit, Risk and Governance Committee would receive an annual report and where a complaint had been resolved informally, the independent persons would be contacted to ascertain their views on the decision. The number of complaints was low and when deemed necessary, apologies were forthcoming.

In response to a question it was confirmed that the independent persons hadn't been consulted regarding the breaches listed in the 2019 report, as the members involved had accepted the complaint and provided an apology where required. However under the new process, they would be contacted in each legitimate case of a complaint to confirm their agreement with the Monitoring Officer's suggested resolution.

Members commented that working together with the independent persons to resolve complaints was valuable and it would benefit open communication if more work was done regarding standards of behaviour at Full Council meetings.

**Resolved:** That the Audit, Risk and Governance Committee note the summary as presented.

## **5. Update Report: Outstanding Actions from 2017/18 Audit Work, Adult and Children's Services**

Ian Crabtree, Director of Adult Social Care Transformation and Sarah Callaghan, Director of Education and Skills presented an update regarding progress made toward the following outstanding actions from 2017/18 internal audits:

- Transition from children's to adult services

Ian Crabtree highlighted that there was a wider strategic vision for transition being developed with all stakeholders. There are also plans in place to address operational issues and how change was communicated to stakeholders. This was governed by an internal steering group – Preparation for Adulthood, which was co-chaired by himself and Sarah Callaghan and included a colleague from Health, who was responsible for Special Educational Needs and Disabilities improvement. The Preparation for Adulthood vision had been taken to the Special Educational Needs and Disabilities Partnership Board, chaired by Edwina Grant, Executive Director of Education and Children's Services, for system wide development.

Work was being undertaken to reorganise the team to optimise the efficiency of the process. There is a further challenge to ensure the procedure was effective to meet the expectations of families and respond to demand in a co-ordinated way.

- Personal budgets for children's service users and direct payments to their carers

Sarah Callaghan highlighted that the key issues in the 2017/18 audit were largely related to staff training. It was identified that the take up of direct payments had been lower than anticipated and the administration of the process could be improved. To date, 29 of 40 staff had completed the training programme put in place to address this. Support was now available for parents and carers regarding accessing funds and the information was included in the revised local offer. The process was now more rigorous in terms of accessing and monitoring payments.

- Case management of adult occupational therapy services

Ian Crabtree confirmed that the 2017/18 audit was mainly positive with one action outstanding - to implement a case load tracker. This action had now been superseded, as the tracker was intended as an interim solution and a new analytical tool had now been procured that would monitor performance across all areas.

In response to questions from members the following information was clarified:

- There was some ambiguity regarding the age of transition to Adult Services if the young person had a disability. The Special Educational Needs and Disability reforms in 2014, extended the age from 18 to 25 with the aim to support the majority of young people to be independent. In terms of budgets, if all the eligibility criteria were met, the budget would be with Adult Services. The objective was to involve the transition team to embed early identification of required support to enable the best outcomes for the young person.
- There was a good working relationship between Occupational Therapy services provided by Lancashire County Council and the NHS. Both had access to a joint equipment store and having this single point of access had resolved issues arising from whose responsibility it is to provide equipment. The NHS landscape in Lancashire was complex, with eight Clinical Commissioning Groups. There was a national shortage of Occupational Health Therapists and work needed to be undertaken between Lancashire County Council and the NHS regarding how therapists could be recognised and developed as a joint resource. The health economy for each area within Lancashire was different, however once the Lancashire and South Cumbria Integrated Care System had been embedded joint working and commissioning arrangements would be developed.

Members commented that this report was in response to a request for information regarding outstanding internal audit actions from 2017/18. Members emphasised that all departments needed to be aware that the committee required swift responses to audit actions. Officers commented that could attend the Audit, Risk and Governance meeting when required to provide future updates.

**Resolved:** That the Audit, Risk and Governance Committee note the progress made against the outstanding internal audit actions from 2017/18.

## **6. Internal Audit Progress Report**

Ruth Lowry, Head of Internal Audit, presented a report outlining the updates on the Internal Audit Service's work. The report included key findings, issues of concern and actions undertaken as a result of the work. The committee considered the final internal audit progress report and outcomes of the work for 2019/20 for the period to 31 December 2019.

The following areas of the report were highlighted:

- The numbers of audits undertaken and amendments to the audit plan with the reasons for the changes.
- The last action outstanding from 2017/18 related to the Public Health Commissioning Strategy and could now be closed as the original action identified had been superseded by a new action plan.
- Favourable assurance had been given in the majority of areas audited. Substantial assurance had been given in relation to the council's risk management framework and, as was reported later on the agenda, this was also subject to further improvement.
- Detailed action plans were in place to address 'safeguarding service user finances in the Supported Living Service' and 'children's direct payments', where limited assurance had been given.

Members commented that they would like to see swift progress to improve the safeguarding of service user finances in the Supported Living Service. Ian Crabtree commented that concerns had been identified by the service in this area and as a result, input from the Internal Audit Service had been requested to improve the consistency of approach. The county council continued to provide services to people with disabilities. Supported living schemes and short break services were all rated 'Good' with some short break services and its Shared Lives service rated 'Outstanding' by the Care Quality Commission (CQC).

**Resolved:** That

- (i) The Internal Audit progress report, as presented, be noted.
- (ii) Adult and Children's Service officers present a report to 19 October 2020 Audit, Risk and Governance Committee, updating members of progress made against areas with limited assurance.

## **7. External Audit Progress Report and Sector Update 2019/20**

Robin Baker, Director and Engagement Lead and Angela Pieri, Engagement Manager, representing Grant Thornton, the county council's external auditors, presented an audit progress and sector update for 2019/10.

The following key points were highlighted:

- The audit was currently at the planning stage and detailed audit plans would be presented to the next meeting of the committee in July.
- The council's teacher pension return for 2018/19 had been completed one month ahead of the November 2019 deadline.

- Auditors continued to meet regularly with Lancashire County Council officers to ensure a smooth audit process and to highlight any potential issues.
- Potential audit fee amendments were currently under review as a result of the implications of changes to the expectations from Financial Reporting Council, in terms of financial reporting. Grant Thornton would be engaging the services of a valuation expert to assist with some areas. Potential fee changes would be discussed with the Section 151 Officer and Director of Finance before presentation to this committee.

In response to questions it was confirmed that the appropriate disclosures regarding leases would be required in accordance with the International Financial Reporting Standard 16 and no changes to the audit process needed to be made with regard to Brexit.

**Resolved:** That the external audit progress report and sector update 2019/20, as presented, be noted.

#### **8. Grant Thornton's Request for Information from the Committee Chair**

Khadija Saeed, Head of Corporate Finance, presented the proposed response to Grant Thornton's request for information from the Chair of the committee. It was confirmed that this was a standard annual request to all clients for information regarding fraud, risk and the going concern status of the council and in substance there was no notable change in the response to Grant Thornton, from last year.

**Resolved:** That the formal response to Grant Thornton's request for information from the Chair of the committee, as presented, be approved.

#### **9. Grant Thornton's Request for Information from Management**

Khadija Saeed, Head of Corporate Finance, presented the proposed response to Grant Thornton's request for information from management. It was confirmed that this was a standard annual request to all clients for information regarding fraud, risk and the going concern of the council and in substance there was no notable change in the response to Grant Thornton, from last year.

**Resolved:** That the formal response to Grant Thornton's request for information from management, as presented, be approved.

#### **10. Accounting Policies used in the Preparation of the Statement of Accounts 2019/20**

Khadija Saeed, Head of Corporate Finance, presented the Accounting Policies used in the preparation of the Statement of Accounts 2019/20. It was clarified that the wording in the policy had been simplified in line with current Chartered Institute of Public Finance and Accounting (CIPFA) guidance, however there was no change to the substance of the policy.

**Resolved:** That the accounting policies proposed to be used in the preparation of the Statement of Accounts 2019/20, as presented be approved.

## **11. Treasury Management Strategy 2020/21**

Mike Jensen, Director of Investment presented the Treasury Management Strategy for 2020/21.

It was highlighted that in consideration of the success of the strategy, the substantial elements would continue allowing for some changes linked to events impacting the market. As a result of the increase in interest rates by the Public Works Loan Board, the council would be more likely to explore borrowing alternatives, such as public bond issues, largely in order to replace maturing loans. This would potentially be achieved via the recently relaunched UK Municipal Bond Agency. As a consequence an increase in investment limits to £750 million was proposed.

An update was provided on the improved performance of investments since the last reported position

**Resolved:** That the Treasury Management Strategy 2020/21, as presented, be recommended to Full Council for approval.

## **12. Corporate Risk & Opportunity Register Quarter 3 2019/20**

Paul Bond, Head of Legal and Democratic Services, presented an update regarding the Corporate Risk and Opportunities register for quarter three.

A new risk (Corporate Risk 13) was highlighted, which focussed on working with partners to address health challenges in the county.

A review of the risk management process was currently being piloted in Education and Children's Services. The revised approach would improve risk reporting by developing a risk profile summary providing increased accountability, showing target dates and progress monitoring.

**Resolved:** That the updated Corporate Risk and Opportunity Register, as presented, be noted.

## **13. Urgent Business**

There was no urgent business to be considered.

## **14. Date of Next Meeting**

It was noted that the next meeting of the committee would take place at 2.00pm on Monday 18 May 2020 at County Hall, Preston.

County Hall  
Preston

L Sales  
Director of Corporate Services